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Pensions and Parliament

This year marks the centenary of the Old Age Pension, one of the most niggardly and futile reforms ever passed through a grudging parliament. In 1998, a pamphlet was published to mark the 90th anniversary of this world-shattering event: HOW THE OLD AGE PENSION WAS WON - THE FORGOTTEN STORY, by Dave Goodman. Goodman argued that it was through the concerted efforts and campaigning by “*the combined forces of organised labour, religion and philanthropy*” that this “*milestone of progress*” came about (INTRODUCTION). Ten years later, it was clear that New Labour had been a sad disappointment:

This edition has come out during the second year of Blair's New Labour Government. In opposition Tony Blair and his top colleagues condemned in no uncertain terms the Tories' betrayal of present and future pensioners. They now have the opportunity to return to the principles which guided organised labour 100 years ago in their pioneering struggle for the state old age pension... so long as its [the basic state pension's] annual uprating is linked only to the price index the basic pension cannot be a firm foundation for retirement... This year's annual uprating was the first test of Labour's determination to deliver its Manifesto pledge to pensioners. Sadly it failed that test with the result that 1998 saw the basic pension fall still further behind the level of average earnings. POSTSCRIPT, 2ND EDITION, 1998

Curious how history seems to repeat itself. Last year, Gordon Brown moved up from Chancellor to Prime Minister, having in his final Budget, reduced income tax, while doubling the rate deducted from the poorest section of the working class, including some of the pensioners. (Much anger and moral indignation!)

Likewise, in 1908, Asquith had just moved up from Chancellor to Prime Minister, and the previous year, in his final Budget, he too had reduced income tax, only paid then by the well-off. The Rev. Stead wrote in an article:

“The working men have not forgotten that last year by remitting 3d. off the income tax on earned incomes, and postponing pensions, Mr Asquith set the additional comfort of the comfortable classes before the admittedly urgent needs of the poor. No excuse of naval programme, or of any other kind, would prevent the conviction gaining ground that a Liberal Government cares only for the middle classes, and permanently sacrifices to them the interests of the working classes”

(quoted by D Goodman, 2nd edition, p. 76).

The pension scheme Asquith proposed in 1908 fell short of what the pensions campaign demanded: it was not universal. Though the pension would be only 5/- weekly, those with over 10/- or couples with over 15/- were ruled

out. And the pension only started at age 70: but at that time, not many workers actually made it to 70 years. Clearly this was not going to cost too much – less than £6 million, as compared with existing government spending on pensions (£2.5 million).

The Bill produced by Lloyd George (the new Chancellor) had other objectionable features, e.g. vaguely worded disqualifications. There was a sliding scale, effectively a form of means-testing, with the pension being ‘tapered’ in relation to income, and no pension at all for anyone with over 12/- weekly. Another feature of the Bill was that, while a single person would receive 5/-, a couple would only get 7/6. That remains a feature of state ‘benefit’ payments to this day: governments always assume it is cheaper to live as a couple than as a single person. So what the campaigners had argued for, when it finally came to Parliament, in a watered-down form, was only a shadow of what had previously been promised.

The Socialist Party of Great Britain has consistently opposed reformism. The lesson we draw is that ‘bread and butter’ social reforms, brought in to relieve destitution or to supplement wages, have the effect of depressing wages:

In practice, social reforms, which reduce the necessary expenditure requiring to be met out of wages, have the effect of permitting corresponding reductions in the workers’ wages without detracting from their efficiency as profit producers for their employers. The report of Lord Macmillan, who was appointed by the Labour Government to inquire into the wages of wool textile workers, accepted this as a matter of course, and recommended lower wages on the ground that the social services had relieved the workers of expenditure on unemployment, on medical attention, and on maintenance during old age.

SPGB pamphlet, QUESTIONS OF THE DAY, 1953 edition, p.66

Since the value of working-class labour power as a commodity is calculated on the basis of what it costs to produce (and reproduce) the workers, then the cost of caring for their children, their sick and disabled, and their old folk, has to be included as part of this. To the extent that (other things being equal) such expenses have been removed from the calculation of wages, by state provision, to that extent workers’ wages have been pushed down.

Today, the most obvious result of a century of the state old age pension and other supplements to workers’ wages, to cover some (but not all) for the costs involved in raising children, in coping with unemployment or sickness, etc., is that wage levels have fallen to the point where most couples find it unavoidable for both to work full-time, even when their children are very young. Few can afford to choose to stay home to mind the children or care for the sick and the old. So a by-product of such ‘*bread and butter*’ reforms is far from progressive: crèches and baby-farms for the tiny tots, and institutional ‘homes’ for the old. Wages are in general calculated nowadays as if the individual worker has no family, no one – young or old - to care for.

Reforming capitalism is like the never-ending labour of Sisyphus: in Greek mythology, he was condemned to be forever pushing a heavy rock up a steep hill, only for it to roll down again, and so on, ad infinitum. Reforms clearly don’t work.

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How Capitalism Makes Us Sick

Question: what happens to bacteria when they are exposed more and more often to antibiotics, drugs designed to wipe them out? Answer: they evolve, developing resistant strains. So what happens then to such bacteria if ‘*broad-spectrum*’ antibiotics are brought in, using a ‘*scatter-gun*’ approach? Then they evolve to acquire a wider immunity. In time, such bacteria develop strains resistant to almost all drugs available. And importantly, bacteria acquire drug-resistance very fast, far faster than the pharmaceuticals industry can discover and develop new antibiotics:

... the number of new classes of antibiotics developed has fallen from 11 in the first 30 years of the antibiotic era to just two new classes in the past 30 years. Whereas 16 new antibacterial agents were registered to the four years before the launch of ciprofloxacin, this was down to just seven between 1998 and 2002.

Briefly, this helps to explain in part why more and more hospitals have reported deaths from, first, *MRSA* (*Multi-Resistant Staphylococcus aureus*) and more recently *C. difficile* (*Clostridium difficile*). Reported deaths in UK hospitals rose, in 12 months from March 2005, by 72% - to over 6000. In the USA, the number of deaths is serious:

In the USA, MRSA is increasingly identified in otherwise healthy individuals in the community (community associated MRSA). Among 5000+ patients hospitalised with MRSA during 2005, around 1000 dies (1 in 5). Adding hospital and community-acquired infections, it is estimated that nearly 20,000 people died from invasive MRSA in the USA in 2005, more than from HIV/AIDS.

THE PHARMACEUTICAL JOURNAL, 16 February 2008

In the UK, the spread of multi-resistant strains like *MRSA* and *C. difficile* was helped along its way by government policies, e.g. by targets for ‘efficiency’ which mean dangerously high bed-occupancy rates. As one media report told us, often a bed was still warm when a new patient was moved into it. Britain has the highest bed-occupancy rate in Europe (February 2008). Putting new patients into beds only just vacated, and moving them around from one ward to another so as to maximise bed-occupancy rates, helps to spread infection. In such conditions, it is impossible for nursing staff to avoid cross-infection .

So what on earth is meant by ‘efficiency’? To most normal people, it means doing the job well. Hospitals that kill or disable their patients, by infecting them with drug-resistant diseases, are clearly not being efficient.

But bureaucrats and accountants have a different view of what they think of as ‘efficiency’. To them it is all about cutting costs. Likewise with the government’s National Institute for Clinical Excellence (NICE): pharmaceuticals are assessed, not just to see if they are safe and effective but, significantly, to ensure that they are ‘cost-effective’.

Considering just one widely prescribed drug, ciprofloxacin, launched in 1987, the PHARMACEUTICAL JOURNAL noted that it had been very widely used:

In its long life, ciprofloxacin has been prescribed for more than 340 million people worldwide, not to mention those who have bought it over the counter in less regulated markets.

For instance, it had been the drug of choice for those who feared ‘traveller’s diarrhoea’ when holidaying abroad. It had been thought by doctors and the pharmaceutical industry to be the most effective treatment for *E. coli* and *salmonella* infections. It was used on the vast majority of patients with gonorrhoea: “today, about 25 per cent of [gonorrhoea] infected patients in the UK have strains resistant to ciprofloxacin” (ibid.).

Another probable cause of resistance to this once very useful antibiotic was the veterinary use of another, closely related, drug, enrofloxacin, for the “mass treatment of herds to eliminate or minimise an expected outbreak of disease” – i.e. as a routine preventive treatment.

As a result, resistant [strains of] E. coli and salmonella have been selected in animals and poultry that enter the human food chain, and cross resistance... mean that these [strains] are resistant to ciprofloxacin as well as to enrofloxacin (ibid.).

Like other pharmaceuticals, antibiotics are produced as commodities, with the manufacturers hoping for widespread sales so as to maximise their profits. In 2001, just as Bayer’s patent protection for ciprofloxacin was about to expire in many countries, that drug suddenly got a new lease of life as a new market suddenly opened up. Enter anthrax: remember the US scare with anthrax spores after ‘9/11’?

... ciprofloxacin was soon being stockpiled by governments around the world. Ciprofloxacin manufacturer, Bayer, rapidly scaled up production to meet demand and the renewed profitability of the trusty antibiotic helped to offset problems the company was having after the loss of its cholesterol-lowering drug, cervastatin (ibid.).

The fact is that market competition encourages competing drug companies to maximise their sales, and to compete to expand their markets. Such companies are hardly going to advise farmers or GPs not to overuse antibiotics.

In many countries, antibiotics are widely sold over the counter. Those who buy them are very conscious of the cost, in terms of the money they have spent, but are all too often in the dark about the problems caused by not completing a course of treatment. Ignorance of the problem of drug-resistance developing is therefore worsened when the patient has to spend money to buy these expensive magic pills and potions. All too often, after using the drug for a few days, when the symptoms seem to have gone away, the natural reaction is to put the medicine aside, storing it for possible future use.

One result is that *multi-drug-resistant TB (MDR-TB)* is now known to exist in 45 countries, with some 40,000 new cases every year (CHANNEL 4 News, 21 March 2008). In a recent lecture (Gresham College, London, 22 November 2007), COSTING THE ARMS RACE: DRUGS, SUPER-BUGS AND THE APPLIANCE OF SCIENCE, Christopher Dye stated that:

A major worry since 2006 has been the emergence of XDR-TB, extensively drug resistant TB, which is resistant to both first and second line drugs.

As an example of how dangerous this can be, he cited how in a single outbreak of XDR-TB infection, near Durban, South Africa, out of 53 HIV-infected patients, 52 died, half of them within 16 days of the XDR-TB infection.

Even in advanced countries, TB is linked with poor food, poor housing, and homelessness. In short, it is largely caused by poverty. Add to that, drug-resistance, lack of access to proper health facilities, and the running down of once efficient hospitals to increase the accountants' measure of 'efficiency', with high bed-occupancy rates:- and the result is a modern plague.

Along with the appearance of drug-resistant strains of bacteria, another problem is the slow rate of development of new classes of antibiotics. In the 1970s, only one new class appeared; in the 1980s and 1990s none; and since 2000, just two new classes. In the US, the number of new antibiotics has declined steadily since the 1980s and, as these new drugs were not in new classes, they were liable to become ineffective quickly due to cross-infection.

Moreover, in capitalism the priority is not medical needs, but the possibility of making profits. The economics of developing new drugs is not too encouraging:

The average cost of developing a drug from laboratory to market usually exceeds \$500 million... and takes 8-10 years from development to sale. The environment is intensely competitive, with companies trying to recoup investment and profit quickly... A profitable drug will make US \$1 billion annually at peak sales. More than 40 companies have merged and consolidated over the past 20 years, so there are now only 8 companies still undertaking antibiotic research and development. Antibiotics are financially less attractive to develop than drugs for other indications because they are generally used for short periods for specific, relatively narrow indications.

[Data compiled by Christopher Dye]

The economics of the industry mean that, if and when a new antibiotic is launched, the company that spent years researching it and that has a limited time with patent protection in which to make its profits, is bound to try to maximise its use – even in herd treatment of poultry and cattle. That is how the capitalist production for profit system makes us sick. Christopher Dye argued that:

The evolution of resistance to antibiotics is encouraged by their over-use in populations, animal and human, at sub-therapeutic doses.

Likewise the PHARMACEUTICAL JOURNAL's article, on the growing resistance to ciprofloxacin, which quoted from an article by Dr D Livermore:

Cipro was oral, convenient to use and cheap. It's still useful but its benefits have been eroded because it was used recklessly. Looking at what we are doing now with antibiotic use, I'm not sure that we've really learnt our lesson from cipro. History has a way of repeating itself.

The problem is not a particular drug or disease, or the emergence of drug-resistant strains. By itself, none of these is the root of the problem. As new drugs are developed, the manufacturers need to maximise their use, to market them as widely as possible so as to make as much profit as possible from them, before their patent protection expires or competitors enter their markets with other new ‘miracle’ drugs.

It follows that the “*over-use*” of such drugs (Dye) and their being used “*recklessly*” (Livermore) is inevitable, as is the predictable consequence: drug resistance. Both the reckless overuse of new antibiotics and the result, the appearance of new multi-drug resistant strains of bacteria, are the outcome of the competitive and wasteful capitalist system of production for profit.

The underlying problems are social and economic. Unless and until we can bring about a society where medicines and other goods needed are produced, not competitively as commodities, i.e. for profit, but cooperatively, in response to people’s needs; a society where avoidable, poverty-linked diseases like TB can be countered by good food and good housing: so long must we expect to see “history repeating itself”.

Pharmaceutical Giants

There were times not long ago that drug companies were merely the size of nations. Now, after a frenzied two-year period of pharmaceutical mega-mergers, they are behemoths, which outweigh entire continents. The combined worth of the world’s top five drug companies is twice the combined GNP of all sub-Saharan Africa and their influence on the rules of world trade is many times stronger because they can bring their wealth to bear directly on the levers of western power.’
(GUARDIAN, 26/06/2001)

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Religion and Exploitation or Socialism

Marx, in explaining private-property relations in the means of production, shows that wage-labour confirms the worker’s divorce from the means of production and from the wealth he produces as commodities. The products of his own labour are alien to him, they are owned by the capitalist class, he, (the worker), has no access to what he produces except through his wages. Making an analogy, Marx says:

It is the same with religion. The more man puts into God, the less he retains in himself. The worker puts his life into the object, but now his life no longer belongs to him but to the object... It means that his life which he has conferred on the object confronts him as something hostile and alien.

ECONOMIC AND PHILOSOPHIC MANUSCRIPTS OF 1844, p. 70

The commodity nature of labour power shows it to be the lever of commodity production. The workers sell their physical and mental energies to the capitalist employers and all the wealth they produce becomes, like their labour power, commodities owned by the capitalist.

This is because in buying the workers’ energies, the capitalist pays the cost of replenishing those energies that is, what it takes to keep the workers producing, which must include off-spring –future wage-slaves. The capitalists do not pay for the products; these are “*alien objects*” that confront him. These products fill the supermarkets and vast department stores; they are for sale with a view to profit. If the worker, his wife/husband and family are in need of some of these things, say food, clothing, housing, transport or consumer durables, he can obtain only what he can afford and, if, as sometimes happens, there is just “*too much of everything*” as the DAILY EXPRESS declared during such a glut, then workers will be sacked or put on short time and this period of bulging warehouses will be the time of their greatest need.

Marx goes on to say:

It is true that labour produces for the rich wonderful things – but for the worker it produces privation. It produces palaces –but for the workers hovels. It produces beauty –but for the workers deformity. It replaces labour by machines –but some of the workers it throws back to a barbarous type of labour and other workers it turns into machines. It produces intelligence –but for the worker idiocy and cretinism (p. 71).

This was written in 1844, but one might be forgiven for imagining that Marx had been reading THE RICH LIST for 2008. The workers are still producing wonderful things for the rich. They still produce palaces for the wealthy ruling class and hovels for themselves. “Affordable” housing for today’s low-paid workers are a clear admission that millions of useful members of society can “afford” nothing better.

Britain’s richest 1,000 each own £80m and above (RICH LIST, p.84). The world’s richest 50 count their wealth in billions, starting with £43 bn at the top, to £7.5 bn at the bottom (p.56).

It is impossible to doubt that the accumulation of billions or hundreds of millions of pounds of wealth in the hands of a non-productive tiny minority can only exist in contrast with hundreds of millions of workers world-wide, who live from hand-to-mouth, from pay-day to pay-day. It is this latter class that produces all the wealth of society. The billionaires and multi-millionaires who own the means of production employ and exploit wage-labour to produce wealth which also becomes the property of the capitalist.

Marx makes clear that:

If the product of labour does not belong to the worker, if it confronts him as an alien power, this can only be because it belongs to some other man than the worker... not the gods, not nature, but only man himself can be this alien power over man.

ECONOMIC AND PHILOSOPHIC MANUSCRIPTS OF 1844, p 79

Obviously what Marx is saying here is what we have said above, that society is divided into classes of owners and non-owners of means of production, the capitalist class and the working class. Man exploits man.

In paying tribute to Ludwig Feuerbach (1804-72), Marx notes his great achievement in:

The proof that philosophy is nothing else but religion rendered into thoughts and thinkingly expounded and that it has therefore likewise to be condemned as another form and manner of existence of the estrangement of the essence of man (ibid., p.145).

This “*estrangement*” is the alienation of the workers within the productive relations of capitalism. The function of religion is to act as a lubricant that makes the chain of oppression less painful to the limbs. Historically religion has filled the gaps in man’s knowledge of nature, the world and the universe with fairy tales and superstition; it has also provided succeeding ruling classes with a powerful agent of control.

Philosophy treats social phenomena in an abstract manner, it is idealist in that it concerns what would be better but pays no attention to class conflict.

Capitalism brings the class struggle to its final phase by developing the means to end classes. These include the means of production – modern industry, science and technology, the political power structure appropriate for gaining revolutionary control, and the class whose task it is to carry through the revolution. The key to Socialism is **consciousness**.

A democratic majority must become aware of the need to change society. This will be the negation of classes, and the end of religion and philosophy.

If we may be pardoned for one final quotation, this one is from Marx and Engels’s The Communist Manifesto (1848).

All previous historical movements were movements of minorities, or in the interest of minorities. The proletarian

movement is the self-conscious, independent movement of the immense majority.

Regrettably, the working class has yet to prove itself worthy of Marx and Engels's optimistic conclusion:

The proletarians have nothing to lose but their chains. They have a world to win. Working men of all countries unite!

Religion and the Working Class

...religion depends upon faith –blind belief. It is on the one hand, the hopeless wail of the slave across the ages. The despairing cry of the poor. On the other hand, it is a weapon in the hands of masters to keep the slaves resigned to their chains, in the belief that this life is a vale of tears, opening to the glorious paradise after death.

Misery in this world is proclaimed as the key to the doors of the paradise in the mythical world to come, when slaves have ceased working and their bodies are at rest.

Socialism is the very opposite of this false and slavish doctrine. Its fundamental precepts signify hope, struggle, a determination to break the shackles of slavery forever, and a looking forward to a future on earth where free men and women will work out their destinies under conditions that will ensure that each will enjoy the full product of the associated labour of all.

QUESTIONS OF THE DAY, 1942, page 96

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Marx, Chinese Capitalism and Censorship

Those who hold political power can exercise a degree of control and force. Education can be shaped in a particular way as well as what can be said and what cannot be said. Violence, implied or real, can create self-censorship and a fear of expressing opinions. The more totalitarian the exercise of political power and censorship, the greater the social control.

Chinese capitalism is no exception. Students of media and journalism have to take a course called “*Marxist Journalism*” (GUARDIAN WEEKLY, January 2008). The course has been written by the scary-sounding Research Centre on Marxist Journalism and Journalistic Education Reform. The aim of the course is to ensure Communist Party control over the flow of information. Students are taught that their role as journalists is to support the government by spreading propaganda, and suppressing any news that contradicts official policy or puts the leadership in a bad light.

This is what “*Marxist (sic) journalism*” amounts to in China. Very Orwellian. “*Write as we want you to write*” and “*Obey*”.

Journalism written by Socialists is, of course, the complete opposite to the closed world of Chinese capitalism and the interests of its ruling party. Socialists have always believed that the best propaganda is the truth.

Questioning, analysis and enquiry make up the standards of Marxist journalism. Socialists stand in line for no one. We do not have leaders to tell us what to write and what to think. In fact, Marx made a useful comment about censorship:

It is the censored press that has a demoralizing effect. Inseparable from it is the most powerful vice, hypocrisy, and from this, its basic vice, come all its other defects, which lack even the rudiments of virtue, and its vice of passivity, loathsome even from the aesthetic point of view. The government hears only its own voice, it knows that it hears only its own voice, yet it harbours the illusion that it hears the voice of the people, and it demands that the people, too, should itself harbour this illusion. For its part, therefore, the people sinks partly into political superstition, partly into political disbelief, or, completely turning away from political life, becomes a rabble of private individuals.

A Marxist journalist would question the credentials of a regime describing itself as “*Marxist*”. Was the type of social system in China, Marxist? In whose class interests did it act? If the social system in China was based on the production of commodities for sale with a view to profit, produced by wage labour, how could it be described either as Socialist or Communist? Clearly, a working class exists in China, imprisoned within the wages system of class exploitation: so how can China be Communist/Socialist?

As Marx noted, where there is wage labour there is capital, and where there is capital there is wage labour. And both exist in China. Workers in China do not own the means of production. They are forced onto the labour market for a wage or salary, and paid less than the social wealth they produce. The surplus is taken away by the State and private companies who accumulate capital to enrich a privileged minority. All this questioning and analysis is missing from the “*15 Lectures on the Marxist Concept of Journalism*”, taught to students of journalism in China. The Chinese Government has no interest in the truth.

And such questioning is also missing from the GUARDIAN article. By maintaining that Chinese capitalism is “*Communist*” and the Chinese government is “*Marxist*”, the author of the article displayed all the characteristics of “*self-censorship*”, reflecting the interests of his employers. The journalist did not want to set out to contradict the GUARDIAN’s political policy on China which is to describe it as “*Communist*” nor put his employers in a bad light. Salaried journalism comes with a price - “*vice*” and “*hypocrisy*”. Not much difference from the totalitarian School of Journalism found in China.

Was Mozambique Marxist?

Was Mozambique Marxist? The INDEPENDENT thinks so. It claimed that years of “*Marxist misrule*” (07.07.05) had contributed to poverty and starvation. Now Mozambique embraces the free market, free trade and economic liberalism of the World Bank and the International Monetary Fund. Gordon Brown tells other African countries that Mozambique is the future.

What does Mozambique’s past “*Marxism*” amount to? According to the INDEPENDENT it is because some streets of the capital are named after Marx. Did the previous regime ever abolish the wages system? No! Did the previous regime ever establish production for use? No!

What they did practice was nationalisation programmes, state capitalism, prevention of a genuine Socialist Party to exist and to embrace the anti-working class doctrines of Leninism. Marxists they were not. Not that Mozambique is a success story. Half of Mozambicans cannot properly feed their children (IS POVERTY DECREASING IN MOZAMBIQUE? J. Hanlon Open University p1 2007)

But it suits defenders of capitalism like the INDEPENDENT and Gordon Brown to refer to the failed policies of past “*Marxist*” governments. They want to bury Marx, Marxism and the Socialist alternative to capitalism. They cannot do it. Capitalism can never be made to work in the interest of the working class. Exploitation and class struggle is the reality. Capitalism’s gravediggers-the working class-is the future.

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Prices, Wages and Taxes

Taxes on Wages fall on the Employer’s Profits

Adam Smith in THE WEALTH OF NATIONS (Book V, Chapter II, Article III) showed that taxes on wages have to be paid by the employers in the form of a corresponding increase of the wages he has to pay.

David Ricardo, in his *PRINCIPLES OF POLITICAL ECONOMY AND TAXATION* (Chapter XVI; Taxes on Wages) held the same view: “*A tax on a wage is wholly a tax on profits*”.

Marx’s Labour Theory of Value and his discovery of surplus value also showed that taxation is a burden that ultimately falls on the capitalist class.

And some economists agree. An article in *THE TIMES* (2 May 1986) quoted Adam Smith’s argument and accepted it. The writer of the article complained, however, that the profits of a small firm are more heavily reduced than those of a large firm because the wages bill of the small firm represents a larger proportion of the firm’s total expenses. He urged that some adjustment in tax arrangements should be made to help small firms.

Smith put his argument in the simple form that if, in given market conditions, an employer has to pay £100 a week to get a worker to work for him, the same market conditions will compel him to pay £100 a week “*take-home-pay*” after the levying of a tax. The employer pays the tax in the form of a corresponding increase of gross wage.

What Smith and Ricardo recognised is that wages are determined by conditions in the labour market, while the prices at which manufacturers sell their commodities are independently determined by conditions in the market. Two major factors in the labour market are the cycles of booms and depressions and the efficiency of trade union organisation.

During the development out of a depression into a boom, prices rise, unemployment falls and the demand for workers increases so that wages rise faster than prices and the workers’ standard of living rises.

The total wages of all workers in employment fell by 4% between 1980 and 1982 mostly because two million of them lost their jobs. Every year since 1982 the total wages rose more than prices so that by 1988 the real wages of all workers in employment was about 13% above the pre-depression level of 1980; partly due to many unemployed returning to work and partly to weekly wage rates rising more than prices.

A similar set of circumstances took place after the last depression in the early 1990’s when unemployment rose about 9% above its pre-depression level (NATIONAL STATISTICS, www.statistics.gov.uk).

The Fallacy that Reduced Prices Must Benefit the Workers.

The theory that real wages rise when prices fall, and fall when prices rise, is not borne out by the facts. The determining factor is not the movement of prices up or down but the condition of the labour market.

The time when real wages are most likely to rise is not when prices are falling, but when prices are rising in the years of industrial expansion leading up to a boom.

Professor A.L. Bowley studied the movement of wages and prices in the years 1852-1904 (see *AN INTRODUCTION TO THE STUDY OF PRICES* by W. Layton, Macmillan 1920, p. 185). In those 52 years, real wages increased in 42 years and were stationary for 10 years. The majority of years of rising real wages (24 out of 42) were not when prices were falling but when they were rising. The years in which real wages rose while prices were falling numbered 13. In 5 years, real wages rose while prices were stationary.

As different groups of workers formed efficient trade unions in the 19th century (engineers, factory workers, railwaymen, miners, dockers, post office workers etc.), they were able to obtain very substantial increases of real wages. They were able to do this because, by controlling the supply of workers, they altered the conditions of the labour market to the advantage of workers.

Taxes on Wages and the Council Tax

In the 19th century and up to 1914, there was no tax on wages. After the war some wages reached the level at which incomes were taxed. But by 1920 the average “*take-home-pay*” in real terms was higher than the average tax free-pay before 1914. A second and larger increase of taxes on wages took place after the 2nd World War. But by 1950 the average “*take-home-pay*” in real terms was well above the average “take-home-pay” before 1939, when taxes on wages were lower.

This brings us on to the question of local taxation. Is this a tax which is a burden for employers or the working class?

Council tax is a system of local taxation collected by local authorities. It is a tax on domestic property. Generally, the bigger the property is, the more tax will be charged. Some property will be exempt from council tax. Up until 1990, both domestic and non-domestic properties were charged under General Rates, where all properties paid according to their rateable value regardless of number of occupants etc.

In 1990, a new personal charge was introduced for domestic properties known as Community Charge or the Poll Tax, this was paid by every adult in the property aged 18 or over. Non-domestic properties were charged under National Non-Domestic Rates (NNDR).

In 1992 the Local Government Finance Act (LGFA) was introduced and, with effect from 1st April 1993, Council Tax commenced.

As with all rates, some individuals will gain and others lose, but for the working class as a whole the economic effects will be the same as those following the levying of taxes on wages. While conditions in the labour market continue favorably, showing themselves in the way wages have been increasing more than prices, employers will find themselves paying the Council Tax in the form of higher wages. When the next depression comes along, -as it looks possible, -real wages will no doubt fall again as they did during the previous depressions in the 1980s and 1990s.

Prices and Wages in the 1920s

The only period of falling prices in the 20th century was in the 1920s when the government, following the Report of the Cunliffe Committee, decided to reduce the price level prior to re-introducing a modified form of the gold standard in 1925. By reducing the amount of notes and coin in circulation (millions of pound notes were burnt by the Bank of England), prices were reduced between 1920 and 1925 by about 30%. Wages fell more than prices so that, between 1921 and 1925, average real wages fell by about 8%.

The labour market had worsened from the workers’ point of view as a result in the rise of unemployment from 858,000 (7.8%) in December 1920 to 1,967,000 (17.7%) in December 1921. It fell to 12.6% the following year but remained above 10% until 1925.

Effects of Continuous Inflation

During the past 70 years of continuous inflation, the cycles of booms and depressions has continued to have its effect in raising and lowering prices, but this has been hidden from view by the continuous rise of prices caused by an excess issue of notes and coin for which successive governments and latterly the Bank of England have all been responsible.

Wages and salaries have continued to be affected by favourable and unfavourable changes in the labour market, so that periods of rising real wages have been interrupted by shorter periods of falling or stationary real wages. The long-term trend has been for average real wages to rise as the working class has succeeded in keeping wages in line with increased productivity in industry.

Division of the National Income

The share in “*Total Domestic Income*” going to the workers as income from employment, which was 67% in 1980, fell as a consequence of about 2 million more workers becoming unemployed, and in 1997 and 1998 was down to 63%. A similar pattern occurred after the depression in the early 1990s when the total domestic income going to workers fell to 61%.

However a new factor is in evidence, the continued big increase in the number of “self-employed” from under 2 million in 1979 to just under 3 million in 1989 to over 3.5 million now (Office for National Statistics, 2004) Their share of the national income has increased from 16% in 1989 to 21% in 2003 (Office for National Statistics 2004). It remains to be seen whether the number of self-employed will continue to grow or whether some of them will revert to paid employment following bankruptcy during a depression.

The share of the national income going to company profits was 16% in 1979, 21% in 1988 and 23% in 2003.

On past experience their share will fall sharply in the next depression. In 1981 it was down 13% and in 1991 it was down 16%.

It must be borne in mind that the share of national income going to the capitalists is for 10 per cent of the adult population while the share going to the workers is for 90 per cent of the population. The real issue is not distribution under capitalism but the fact that the capitalist class enjoy their wealth and privilege through the ownership of the means of production.

What to do?

In his recent statement on the economy, the Governor of the Bank of England, Mervin King, announced that it was the end of the “nice” days. By this he meant the end of a boom but chose not to use the word because it is associated with “*boom and bust*” which we were told will never occur again under the Labour Government. It has.

Yet another trade depression offers a salutary lesson to workers that no matter who is in power trade depressions will occur and workers will be made redundant. Capitalism can never be made to work in the interest of the working class. Workers should study past events to see this is so and seriously look at the Socialist alternative.

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Marx and Henry George

NOTE: We were asked to give a comment on the relationship between Karl Marx, and Henry George who favoured Land Reform. We would rather let Marx speak for himself.

Theoretically the man [Henry George] is utterly backward! He understands nothing about the nature of *surplus value* and so wanders about in speculations which follow the English model but have now been superseded even among the English, about the different portions of surplus value to which independent existence is attributed - about the relations of profit, rent, interest, etc. His fundamental dogma is that *everything would be all right* if ground rent were paid to the state. (You will find payment of this kind among the *transitional measures* included in The COMMUNIST MANIFESTO too.) This idea originally belonged to the bourgeois economists; it was first put forward (apart from a similar demand at the end of the eighteenth century) by the earliest *radical* followers of Ricardo, soon after his death. I said of it in 1847, in my work against Proudhon:

“We can understand that economists like Mill” (the elder, not his son, John Stuart, who also repeats this in a somewhat modified form) “Cherbuliez, Hilditch and others have demanded that rent should be paid to the state in order that it may serve as a substitute for taxes. This is a frank expression of the hatred which the industrial capitalist

dedicates to the landed proprietor, who seems to him a useless and superfluous element in the general total of bourgeois production.”

We ourselves, as I have already mentioned, adopted this appropriation of ground rent by the state among numerous other transitional measures, which, as we also remarked in the MANIFESTO, are and must be contradictory in themselves.

But the first person to turn this *desideratum* [requirement] of the *radical* English bourgeois economists into a *socialist panacea*, to declare this procedure to be the solution of the antagonisms involved in the present method of production, was Colins, a former old Hussar officer of Napoleon's, born in Belgium, who in the latter days of Guizot and the first of Napoleon the Less, favoured the world from Paris with some fat volumes about this “discovery” of his. Like another discovery he made, namely, that while there is no God there is an “*immortal*” human soul and that animals have “no feelings.” For if they had feelings, that is souls, we should be cannibals and a realm of righteousness could never be founded upon earth. His “anti-landownership” theory together with his theory of the soul, etc., have been preached every month for years in the Parisian PHILOSOPHIE DE L'AVENIR [Philosophy of the Future] by his few remaining followers, mostly Belgians. They call themselves “rational collectivists” and have praised Henry George. After them and besides them, among other people, the Prussian banker and former lottery owner Samten from East Prussia, a shallow-brained fellow, has eked out this “socialism” into a thick volume.

All these “*socialists*” since Colins have this much in common that they leave *wage labour* and therefore *capitalist production* in existence and try to bamboozle themselves or the world into believing that if ground rent were transformed into a state tax *all the evils* of capitalist production would disappear of themselves. The whole thing is therefore simply an attempt, decked out with socialism, to *save capitalist domination* and indeed to *establish it afresh on an even wider basis* than its present one.

This cloven hoof (at the same time ass's hoof) is also unmistakably revealed in the declamations of Henry George. And it is the more unpardonable in him because he ought to have put the question to himself in just the opposite way: How did it happen that in the United States, where, relatively, that is in comparison with civilised Europe, the land was accessible to the great mass of the people and to a certain degree (again relatively) still is, capitalist economy and the corresponding enslavement of the working class have developed more *rapidly* and *shamelessly* than in any other country!

On the other hand George's book, like the sensation it has made with you, is significant because it is a first, if unsuccessful, attempt at emancipation from the orthodox political economy.

H. George does not seem, for the rest, to know anything about the history of the early *American anti-renters* who were rather practical men than theoretical. Otherwise he is a talented writer (with a talent for Yankee advertisement too) as his article on California in the *Atlantic* proves, for instance. He also has the repulsive presumption and arrogance which is displayed by all panacea-mongers without exception.

SELECTED CORRESPONDENCE - Letter to Sorge, 30 June 1881

Postscript

Among the various more or less useless pressure groups and think-tanks, offshoots of ‘New’ Labour, is the Labour Land Campaign, a shadowy group that campaigns for a Land Value Tax. This would be based on the state taking all land into ‘public ownership’ (i.e. nationalised), and then levying a tax on all land values:

All sites are valued according to their optimum permitted planning use and an annual charge is made against the value of every site.

In short, something not unlike the old rates which were levied by local councils, based on the ‘rateable value’ of each site – and scrapped, due to its unfairness in not taking account of the owner’s income and ability to pay. Like Henry George, these latter-day Georgists see the problem of working-class poverty as uniquely due to non-ownership of land. Hence, this sticking-plaster ‘*remedy*’. They claim that a land value tax would “*bring about a real redistribution*

of wealth on an individual and regional basis”.

Yet land ownership is only part of the wealth owned by the capitalist class, and so not owned by the working class. Without a change in the class system, how can there be “*a real redistribution of wealth*”?

As the LVT campaign see it, the “*fundamental flaw in our economy*” is not the capitalist class system and the exploitation of workers through the wages system, but instead:

... a denial of the importance of land in the economy, the undeserved and unjust power in its ‘ownership’ and the acceptance of land wealth being given as unearned income to landowners rather than being returned to those that create it – all of us.

As Marx had noted, at the bottom of their argument there was a hatred of landowners

... that rent should be paid to the state in order that it may serve as a substitute for taxes. This is a frank expression of the hatred which the industrial capitalist dedicates to the landed proprietor, who seems to him a useless and superfluous element in the general total of bourgeois production.

Nowadays this takes the form of a hatred of developers, who profit from the housing shortage. The Land Value Tax campaigners claim that “*the LVT is a fair and just tax*”. But the notion of a “*fair and just tax*” is a mere pipedream. As Marx wrote of Henry George:

*His fundamental dogma is that everything would be all right if ground rent were paid to the state...
... The whole thing is therefore simply an attempt, decked out with socialism, to save capitalist domination and indeed to establish it afresh on an even wider basis than its present one.*

Like Marx, the Socialist Party of Great Britain is clear in its recognition of, and resolute opposition to, such reformist panaceas, the deluded hopes of the ignorant that there can be a cure-all, a panacea, for all the evils of capitalist exploitation. After all, if a tax is simply re-labelled as a form of ‘*rent*’, how does that solve the problems of the working class? You cannot change vinegar into wine simply by putting a new label on the bottle. As for the belief that reforms could abolish working class poverty and capitalist exploitation, the history of many decades, and hundreds if not thousands of reformist policies, by various governments, shows that to be a mere delusion. The problem is not how to reform and improve capitalism, but how to build a democratic political movement of class-conscious workers, determined to end it. Only in Socialism can one expect anything like the equality that the LVT campaigners and many others aim for.

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Racism: Next to Barking Mad

The BBC ran a series recently called *The White Working Class* (March 2008). Apparently this is a group who have been neglected by politicians and the media, and not given a voice. “*All White in Barking*”, directed and shot by Marc Isaacs, filmed several older people in Barking, in East London, and their interaction with immigrants. An old market trader and concentration camp survivor from Poland shared his house and life with a woman from Nigeria who had a husband and children still living there. A white couple accepted and returned hospitality from their Nigerian and Albanian neighbours. And just to demonstrate that racist and sexist ideas can be imported in by workers from abroad, a worker from Albania explained that none of “*his countrymen*” would let their daughters “*marry a Serb*”.

The racism was hardly consistent. An old BNP (British National Party) activist bounced his mixed-race grand-daughter on his knee and ignored the fact that his other daughter’s boyfriend was also mixed race, as they talked at his BNP stall in the high street. He had moved out to Canvey Island where he ended up eating fish and chips on the beach, promising to finish his life in the sea if immigrants reached there.

No mention was made in the programme of capitalism or the capitalist class. The view of the white workers interviewed is that all the problems they faced, from difficulty in getting housing, experience of crime, and little or no job prospects: all derived purely from immigration. If there were no immigrants, they opined, then all their problems would be resolved. That is why they gave a listening ear to the BNP and its fascist politics.

Let us make a thought experiment. Suppose all the immigrants were to leave Barking. Would that mean access for the white working class to better housing and jobs? Would it leave Barking a little white utopia, flowing with milk and honey? No, it would not. The working class in Barking would not own the means of production. They would remain part of an exploited class selling their ability to work, getting less in wages and salaries than the social wealth they produce for their employers. Their housing would be the same second-rate, two-up two-down, Alf Garnett housing that the indigenous population lived in before the Second World War, and the concrete housing estates built by the State for them to live in after 1945.

And because capitalism cannot guarantee jobs due to its trade cycle of crises and depressions, unemployment would still remain a blight on working class lives, with its attendant social problems of crime and alienation, whether there were immigrants or not.

In short, even if every immigrant was to leave Barking, the problems facing the remaining working class would be the same: poverty, poor housing, class exploitation and unemployment. And what then for the BNP? This racist party believes that it has the cure for unemployment and poor housing by blaming immigrants. It has no understanding of capitalism so, if swept into power, it could only run capitalism in the interest of the capitalist class. That would mean its white working class would remain at the bottom of the pile, just as non-Jewish workers did in Germany after 1933. The BNP, like all other capitalist parties, can never make capitalism run in the interest of the working class.

Let us end the thought experiment and return to Barking. A “*white working class*” and an “*immigrant working class*” do not live in Barking. In reality, only a working class exists in Barking with identical class interests, no matter where they were born. A visit to Barking clearly makes evident that the slums that pass for housing, lived in by immigrants as well as the indigenous population, are not fit for anyone. But the slums are a result of a class-divided society and of the ownership of the means of production by a capitalist class to the exclusion of everyone else. They are not due to levels of immigration. The social problems facing the working class living in Barking and elsewhere derive from capitalism with its profit motive.

Working-class life is and always will be insecure and cheap. Those who make up the working class are dependent for their existence on the wage and salary they receive from selling their mental and physical energies to an employer. In order to live, they must continuously re-sell what Marx called their labour-power, in competition with other workers. As the Socialist Party of Great Britain noted in our pamphlet THE PROBLEM OF RACISM: A SOCIALIST ANALYSIS (1966):

Capitalism is a competitive system which sets people against each other in a struggle for living. It is ever demanding a faster pace of work and life generally. It tends to reduce people to mere things, mere productive instruments in the service of capital. There is no telling what capitalism is doing to people both physically and mentally. Under capitalism people are always insecure and their hopes continuously frustrated (p.48).

In these conditions of poverty, fascist groups like the BNP find little difficulty in attracting a following by blaming the insecurities and frustrations caused by capitalism on immigrants. This minority then becomes a scapegoat for the problems capitalism creates, problems which would still occur even if the immigrants were not there.

Racism is an idiot’s approach to politics. The racist blames other members of his class rather than capitalism. In doing so, racists cannot escape the poverty and ignorance in which they find themselves. Racism only helps the capitalist class to keep hold of their privilege and wealth. It does not solve the problem of the working class. It is the politics of the madman. Racism: truly is next to Barking mad.

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Russia: From Stalin to Putin

[Continued from *The SPGB no. 66*]

The Socialist Party of Great Britain has consistently opposed Lenin's theory of revolution, the elitist belief that class consciousness had to be brought to the ignorant masses by the intelligentsia, with a vanguard party - led by some central leader or leadership clique - leading the masses.

As for the 'dictatorship of the proletariat', the SPGB pointed out that this was simply a dictatorship. Because the Bolsheviks in 1917 had seized power as a minority, as a result they could only hold power by force, i.e. as a dictatorship.

Later, in our pamphlet *THE COMMUNIST MANIFESTO AND THE LAST 100 YEARS* (1948), we argued:

The dictatorship in Russia was subsequently revealed to be not the dictatorship of the workers, nor even the dictatorship of the Bolshevik party, but the dictatorship of a small clique within the Russian Communist Party that had engineered itself into power... (p 36)

There was a definite continuity from 1917 to now. Putin is restoring the old political model, as the all-powerful central leader, surrounded by a clique of trusted cronies. He is even restoring the old one-party system since his party, United Russia, now controls almost all the mass media, and has engineered itself a huge electoral majority.

'Primitive accumulation of capital'

Already in 1918, the SPGB argued that the peasants were most unlikely to want socialism: large numbers of peasants could only be an obstacle in trying to establish Socialism. The SPGB also noted the process of 'primitive accumulation', the ruthless and cruel process by which peasants, driven from the land, were forced to work as wage-workers. The birth of a working class is a historic precondition of the *capitalist* system.

Marx argued that, while some details of this process differed, in different countries or different centuries, they all used a similar method:

These methods depend in part on brute force... But they all employ the power of the State, the concentrated and organised force of society, to hasten, hot-house fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition.

CAPITAL VOL. 1, Chapter 31

When Stalin succeeded Lenin, in 1924, there was a debate within the ruling party as to how to develop the economy, how to get rural, peasant Russia pushed quickly into becoming an industrialised economy, how to "*shorten the transition*". Earlier in 1921, with mass discontent including the Kronstadt revolt, Lenin introduced the New Economic Policy (NEP), a complete U-turn.

Since the spring of 1921... we have been adopting a totally different method, a reformist type of method, not to break up the old social-economic system – trade, petty production, petty proprietorship, capitalism – but to revive trade, petty proprietorship, capitalism, ...

Lenin, *THE IMPORTANCE OF GOLD* (article 1922)

This was quoted in a 1988 book, *NEP – A MODERN VIEW*, (Yevgeny Ambartsumov, Moscow, p 42). Though the Leftists abroad denied that NEP was any sort of set-back, clearly that was how Lenin saw it: a revival of "*trade, petty proprietorship, capitalism*" was hardly revolutionary.

The NEP policy at least produced more food and less discontent. It also meant higher wages for workers. By 1920 wages had fallen to only 1/3 of pre-war rates but, in 1927, under NEP, wages were 24% above the pre-war levels

(NEP, p. 146). NEP also had its downside. The ‘NEPmen’ were only 1.5% of the population but they enjoyed 5% of the national income. These were merchant-dealers, middlemen, and “*persons living off private businessmen – a group which included corrupt Soviet officials*”. They enjoyed an ostentatiously luxurious standard of living, and hungry workers could not help noticing the “*richly decorated windows of privately owned shops and restaurants, private dealers living extravagantly on incomes earned by illegal methods, etc*” (NEP, p. 125).

There was early evidence of the black economy which survived and thrived, lasting till Yeltsin got rid of the central plan in the 1990s. Enterprise managers had to rely on unofficial fixers (*tolkachi*) to arrange barter deals to compensate for local surpluses and shortages. These fixers took illegal commissions. Such middlemen were vital: it was the only way the system could be made to work and managers could meet their targets.

It looked as if it would take decades, possibly generations, before Russia could have an advanced industrial base. The aim was to industrialise fast. As this required a much larger labour force, peasants were driven off the land and conscripted, as wage-slaves, into mines, factories and construction sites. The question of the peasants and the development of industry was settled by Stalin’s 1st Five-Year Plan (1928-1932), which meant rapid industrialisation along with forced collectivisation and the anti-kulak campaign, accompanied by purges and terror: Slave labour – forced labour in horrific conditions - was part of the system, involving 10-15 million people. Also, the Stakhanovite campaign meant workers competed to over-fulfil their norms and targets.

From the 1917 revolution’s slogan of “*all power to the Soviets!*”, Russian workers were quickly reduced to quasi-slavery, subjected to increasingly draconian Labour Laws. From 1930, unemployment benefits ended altogether: in 1929-1930, there were over a million unemployed but apparently, by the end of 1930, there were none. In the West, the Communist Party’s fan club hailed this as a major achievement, saying Stalin had abolished unemployment.

Workers got the sack for just a day’s absence, and the death penalty for theft of state property. Losing a job meant they also lost food rations and housing. By the end of the Thirties, internal passports and Labour Books were introduced; lateness was defined as just 20 minutes (or less if it happened 3-4 times in the month); labour offences became crimes; and work days were extended with no extra pay. Most of these rules and laws were not apparently repealed till 1956. But even in the 1970s, sacked workers usually lost medical benefits and housing (see WORKERS AGAINST THE GULAG, Pluto Press, 1979).

The ‘official trade unions’, headed by members of the ruling party, were just a tool for enforcing discipline and raising productivity. It is estimated that, from 1928-33, real wages fell by a half, staying below the 1928 level till the early 1950s. With hunger and famine, the regime had another powerful weapon: around 10 million people died due to the 1933 famine. In the Ukraine and North Caucasus especially, resistance was met with reprisals.

If Lenin saw the situation in 1920 as one of war against the peasants, so too did Stalin, years later, e.g. his sarcastic letter replying to Sholokhov’s protest against mass arrests and grain procurements in the Don region: “... the honourable cultivators in reality were making a ‘silent’ war against Soviet power. War by starvation...” (Alec Nove, An Economic History of the Soviet Union, p 176-7).

Class struggle

Industrialisation and ‘collectivisation’ was carried out in spite of bitter opposition. But that was denied even in the post-Stalin era, e.g.: “*industrialisation was carried out in the interests of the people, who therefore threw themselves heart and soul into the job*” (THE USSR – 100 QUESTIONS ANSWERED, Soviet News, 1957). The ‘Communist’ parties in the West all slavishly repeated the lie that there was no class struggle in the Soviet Union.

The first Five-Year Plan meant an enlarged working class, created by ruthless robbery of the peasants. To Socialists, it was obvious that this was what Marx had described as the ‘*primitive accumulation of capital*’. The fact that Russian workers were forced to sell their labour-power was the key to the situation: “*wage-labour presupposes capital, and vice versa.*” (Marx). Preobrazhensky argued that collectivisation was “primitive socialist accumulation”, as he explained at the 1934 Party Congress:

I thought that by exploiting the peasants, by concentrating resources of the peasant economy in the hands of the state, one could build a socialist industry and develop industrialisation.
Alec Nove, op. cit., p. 220

But if Socialism could be equated with industrialisation, why did Manchester's textile industry develop on *capitalist* lines? Turning peasants into wage-workers is necessary for building a capitalist economy, a system of class exploitation. But what has that to do with Socialism? State ownership is not the same thing as common ownership.

Trotskyism

Stalin's most conspicuous opponent was Trotsky who was exiled, then deported (1929) and later assassinated (1940). But he was a central figure of the Bolshevik regime until 1925-6, and as Commissar for War took an active role in ruthlessly suppressing the Kronstadt revolt.

It is hard to pin down exactly what 'Trotskyism' means: Trotsky was inconsistent, and there is also the problem of his followers' varied interpretations of 'Trotskyism'. Most Trotskyists seem to hold that the Russian revolution started out as a 'workers' state' which later 'degenerated'. Trotsky wrote that "... *the bureaucracy has betrayed the revolution*" (T Cliff, RUSSIA - A MARXIST ANALYSIS, 1964, p 140-1). But among the various schools of Trotskyists, there seems to be no agreement as to just when this '*betrayal*' started.

A common argument the SPGB has had to counter was that Russia could not be capitalist since there was no capitalist class. How could the bureaucrats be described as a 'class' since they could not inherit or bequeath wealth? Trotskyites have an obsession with the role and the nature of the ruling class, the party-state apparatus, and other efforts to label this new set of rulers-cum-exploiters.

Trotsky wrote of "*the party apparatus which is fusing with the state apparatus*" (see T Cliff, op. cit., p 133). In 1986, Adam Buick and John Crump put forward a typically, quasi-Trotskyite, theory, describing the 'state capitalist class' in terms of occupation and rank:

The state capitalist class consists of the party bosses, the upper level of the state bureaucracy, the senior management in the economic enterprises and the top ranks of the military and police forces.

STATE CAPITALISM - THE WAGES SYSTEM UNDER NEW MANAGEMENT, p. 56 The idea that senior party-state *apparatchiks* could be equated with a "*state capitalist class*" is simply echoing the theory of the 'New Class' put forward by Milovan Djilas much earlier:

The use, enjoyment, and distribution of property is the privilege of the party and the party's top men... To be an owner or a joint owner... means that one enters the ranks of the ruling political bureaucracy... Since one of the new class's most important features is monopoly of authority, [its] exclusiveness is strengthened by bureaucratic hierarchical prejudices.

THE NEW CLASS, 1966 ed'n, pp 65-7

This argument focuses on the ruling party and its bureaucracy. Their "*monopoly of authority*" was central to the system. Lenin laid down the slogan of "*the leading role of the party*", which resulted in all organisations being headed by Party members or nominees. That feature remained, and is still there in the Russian system today. Putin carries on this tradition when he appoints his own nominees to run TV stations, Gazprom, etc. His nominees, including Medvedev, his successor as President, mostly come from Petersburg like Putin, have trained as lawyers, or have worked with him in the FSB (formerly the KGB).

But this approach is superficial as it leaves out the class system and the working class.

Latter-Day Nonsense

Buick and Crump also claimed that, in Russia and China, there had been "*state capitalist revolutions*" which they

asserted:

... mark the accession to power of a state capitalist class – a class which owns the means of production not individually as the bourgeoisie does, but collectively via its monopoly of state power.

op. cit., p. 56

But when revolutions change the class system, such social revolutions must be the result of a class struggle: *“The history of all hitherto existing society is the history of class struggles”*

(THE COMMUNIST MANIFESTO):

For such claims about *“state capitalist revolutions”* to be credible, one would need to show the existence of a *“state capitalist class”* in Russia before the Bolshevik revolution. More, one would have to show that this class was active in promoting that revolution. But Buick and Crump would be stuck if asked to produce any evidence of their ‘state capitalist class’ existing before 1917.

With ancient maps, when nothing much was known of some new continent, the mapmakers would write in: *“here be monsters”*. That ‘state capitalist class’ which supposedly caused ‘state capitalist revolutions’ is like those mapmakers’ monsters: only imaginary, a fanciful used to fill in the gaps.

Trotsky, who opposed describing the Soviet bureaucracy as a ‘class’, wrote:

The attempt to represent the Soviet bureaucracy as a class of ‘state capitalists’ will obviously not withstand criticism. The bureaucracy has neither stocks nor bonds. It is recruited... in the manner of an administrative hierarchy... The individual bureaucrat cannot transmit to his heirs his rights in the exploitation of the state apparatus.

See Buick and Crump, op. cit., p 56

All of his objections are wide of the mark, showing his ignorance of conditions in Russia. There were in fact stocks and bonds. Inheritance rights were guaranteed by law, as the SPGB pointed out (article, RUSSIA: LAND OF HIGH PROFITS, 1930 – see pamphlet, RUSSIA SINCE 1917). With growing inequalities of income and inheritance of wealth, it would not be long before a wealthy capitalist class would emerge. In the 1940s, the SPGB’s journal commented on a pamphlet SOVIET MILLIONAIRES, which described some ‘socialist’ millionaires, happy to subscribe to Stalin’s State Fund for the war effort. But, even in Russia, millionaires do not spring up overnight: there has to be a system of exploitation. The system in Russia had all the features of a capitalist system:

... in Russia the means of production are used to exploit wage-labour for a surplus. In other words they function as capital. Russia is capitalist and not a new class society nor somewhere in between capitalism and Socialism.

SPGB pamphlet, RUSSIA 1917-1967, p. 29

Trotsky noted the privileged lifestyle enjoyed by this new set of leeches.

Limousines for the ‘activists’, fine perfumes for ‘our women’, margarine for the workers, stores ‘de luxe’ for the gentry, a look at delicacies through the store windows for the plebs – such socialism cannot but seem to the masses a new refacing of capitalism, and they are not far wrong.

THE REVOLUTION BETRAYED, 1937 – see Mike Haynes, RUSSIA - CLASS AND POWER 1917-2000, p. 158

In this Trotsky came as near as he could to admitting that post-revolutionary Russia was quite like capitalism. To us it seems that it had all the hallmarks of capitalism: if it quacks like a duck, it probably is a duck.

As for the Russian working class who had to work for wages, so who were exploited: many went on strike, especially in the early 1920s and early 1930s. Often strikes were triggered by a sudden drop in earnings when managements adjusted the norms. Other strikes were about bad housing, food shortages, and accidents.

The best-documented strikes were in the Ukraine. One was in Novocherkassk in 1962: it was dealt with the Kremlin way, with machine guns and dum-dum bullets. No one knows how many were killed. In the 1970s, there were strikes by coal-miners, often very large-scale in terms of the numbers involved, suggesting that workers were organising

themselves outside their own localities. In the 1970s, the Free Trade Union Association was formed by workers trying to organise in independent trade unions (see WORKERS AGAINST THE GULAG).

A ‘Workers’ State’?

Trotsky held that the Soviet Union was a ‘workers’ state’.

The nationalisation of the land, the means of industrial production, transport and exchange, together with the monopoly of foreign trade, constitutes the basis of the Soviet social structure. Through these relations, established by the proletarian revolution, the nature of the Soviet Union as a proletarian state is for us basically defined.

Quoted by T Cliff, op. cit., p. 133

Trotsky held that state monopoly ownership and control – i.e. nationalisation – constitutes the basis of the social structure. But nationalisation does not mean a change in class relations.

In the 19th century, Marx and Engels had cited Bismarck’s nationalised railways and the British Post Office as examples of state ownership which had nothing to do with Socialism.

The modern State, whatever its form, is essentially a capitalist machine, the state of the capitalists, the ideal personification of the national capital. The more it proceeds to the taking over of productive forces, the more does it actually become the national capitalist, the more citizens does it exploit. The workers remain wage-workers - proletarians.

Engels, ANTI-DUHRING

With nationalisation, workers are still exploited: e.g. in Britain some workers are employed by state organisations - teachers may work for state schools or fee-paying schools, nurses may switch from an NHS hospital job to a private sector agency. Whichever part of the economy they work in, they work as part of an exploited class, the working class.

Tony Cliff argued that the Soviet economy was not isolated but operated within the world economy: “*Stalinist decisions are based on factors outside its control, namely the world economy, world competition*” (op. cit., p. 159). In short, it was part of the world capitalist system.

This point was made earlier by the SPGB, in 1930. Using official Soviet statistics (THE SOVIET YEAR BOOK, 1930), we showed that Russia was part of world capitalism, trading on world markets: Russia’s exports and imports were increasing; the new National Debt had grown from £36m to nearly £300m (1925 1930), and it was planned to increase it to £500 or £600m in the next two years:

All of these forms of investment, in the National Debt, in the co-operatives, and in the trading concerns, etc., are forms of exploitation of the Russian workers. They, like the workers everywhere, carry on their backs a class of property owners, receiving income from property ownership.

RUSSIA - LAND OF HIGH PROFITS, 1930 – see pamphlet, RUSSIA SINCE 1917, p 43

Throughout the Soviet period, there was never a time when Russia could be seen as a sort of economic island, separate from the rest of the world capitalist system. Socialists have effective answers to the various Left-wing myths about a workers’ state, ‘Socialism in one country’, a classless society, with no unemployment, no class struggle or strikes. Likewise, all those speculative Trotskyite theories about a ‘new class’, a ‘state capitalist class’, or ‘the party-state bureaucracy’.

Against Leninism and Trotskyism, the SPGB argues that achieving Socialism must depend on an organised, class-conscious working class, not on a vanguard party of self appointed, elitist, professional revolutionaries. The Socialist revolution will be a bottom-up, not a top-down revolution. Socialism will be democratic or it would not be Socialism. It will be a social revolution, not merely a political change of regime. Likewise we can refute the right-wing myth of the supposed ‘collapse of communism’. Communism has not failed since Communism / Socialism has not yet been

tried.

Our task is to help our fellow-workers to wake up to the possibility of putting an end to their exploitation. Socialism can only be achieved by means of democratic, class-conscious, self-organisation of the working class, with a revolutionary political party: not a reformist party, but one based on clear, well established Socialist principles; a party whose uncompromising aim is to work for an end to the wages system and for the establishment of world Socialism.

[Erratum: In the article “MARX - SCIENTIST OR PHILOSOPHER, “Monty Python’s Philosopher’s Stone” should have read “Monty Python’s philosopher’s song” p.31]

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Lloyd George: Could the War Have Been Prevented?

There are three questions which are asked about this War. The first is: Could it have been averted?... My answer is in the affirmative... No sovereign or leading statesman in any of the belligerent countries sought or desired war – certainly a European war.

WAR MEMOIRS OF DAVID LLOYD GEORGE, vol. II (1936) – chap. 87, p. 1995

Hindsight is a marvellous thing: decrepit old politicians suddenly discover they have 20-20 vision. Lloyd George’s comment is breathtakingly naive. If none of the politicians and other rulers “*sought or desired war*”, is he suggesting it was the poor downtrodden workers and peasants who wanted it?

The evidence points the other way. It was the politicians and rulers who calculated that they could gain something from the war, and who then coerced the workers, conscripting even the very unwilling, into the trenches, to kill or be killed.

Of course, if Lloyd George was right in his claim that the politicians and other high-ups did not want the war, the question then is: who did? Possibly the arms manufacturers who stood to profit from huge demand for tons of shells and explosive, or the arms dealers – the ‘*Merchants of Death*’. Possibly some manufacturers who sought to get access to fresh markets and sources of raw materials.

Or could it be that wars just happen, without anyone or any group actually deciding they want a war? Sort of accidentally? In which case, one has to say that it is due to the nature of capitalism as an inhuman, barbaric, system based on international competition.

The Socialist Party of Great Britain and War

The soundness of the Party’s principles as a sheet anchor was particularly demonstrated on the outbreak of the War in 1914. while all the other alleged working class parties (including the Socialist Labour Party) were entirely at sea as to what line to follow, and were consumed by the war fever, the S.P.G.B., from the declaration of the war to the armistice, never deviated from opposition to it as a capitalist war. The September, 1914, issue of The SOCIALIST STANDARD contained our War Manifesto, and subsequent issues, brought out under tremendous difficulties and in spite of Government raids on the Central Office, continued to state our position on the war. (QUESTIONS OF THE DAY 1942 page 17).

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Class War On The Streets Of Istanbul

Istanbul has over 11 million inhabitants crowded together on both sides of the Bosphorus. This mass of people is controlled by the secular state of Turkey - the military are everywhere - and by the mosques which blare out calls to prayer five times a day. Mass unemployment and grinding poverty is the lot of millions of workers in Turkey:

At the end-February, the official unemployment rate in Turkey stood at 11.6 percent, up from 11.4 percent at end-February 2007. The official unemployment figures, however, only include those who are currently actively seeking work. When those who would work if it were available were included, the unemployment rate stood at 19.6 percent at end of February, an increase of 0.3 percentage points over 19.3 percent at same time in 2007. In 2007 a family of four required a total monthly income of YTL 665 (approximately \$500), merely to buy sufficient food for a balanced diet. It estimated that YTL 2,092 (approximately \$1,570) a month was needed to cover expenditure not only on food but also on basic items such as clothing, shelter and transportation. 15.4 percent of the total population (approximately 10.9 million people) were living below official hunger line of household income of YTL 665 a month. In total, 74.1 percent of the population (approximately 52.3 million people) were living below the poverty line of YTL 2,092 household income each month. Levels of poverty and imbalances in income distribution are also likely to have repercussions for social stability and the continuing political battle between Turkey's traditional secularist ruling elite and the country's increasingly confident Islamist movement
(EURASIA DAILY MONITOR Friday May 16th 2008)

Officially, the bulk of the Turkish ruling class want to join the European Community. This means tempering their use of torture, and placing a curb on Islamic fundamentalism. Another section of the ruling class, with support from the clerics, wants an Islamic State. Fortunately, however, Socialist ideas do penetrate into Turkey. One of the largest groups of visitors to the SPGB's web site is from Turkey.

In this struggle, a war for the votes of the working class in Turkey is everywhere. Secularism is condemned; terrorist attacks are frequent, as is the use of military force. The Turkish authorities have largely forced religion out of the schools, State buildings and universities but the tension between the secular State and Islam persists. Vast wealth is spent on propaganda. Pass along the tourist routes and you find that bookshops with pro-Islamic literature are everywhere - books denouncing Darwin, and others attacking Marx and Engels

Most of the books-which are free and in English-are written by Harun Yahya, the pen-name of an Islamic propagandist. His pen name is made up of the names "*Harun*" (Aaron) and "*Yahya*" (John), in memory of two Islamic saints. The front of the book also contains the seal of the Qur'an as "*the last book by God and the last work by him and the Prophet...*". Arrogantly Harun believes his texts are the last words on Marx, Engels and Darwin.

The one book of interest is the THE DISASTERS DARWINISM BROUGHT TO HUMANITY, since it has sections on the ideas of Marx and Engels. It is therefore indicative of the staple diet of propaganda used by Islamic politicians against Socialism, to which they are bitterly opposed. Marx and Engels are dealt with in a chapter headed "*The Collapse of the Marxist View of History*" (p. 97). The first assertion is that Marx:

... adapted the dialectic process of history... according to (which)... society went through different phases in history and the factor which determined these phases was the change in the means of production and production relations.

The second assertion is that "*The economy determined everything else*". Harun Yahya then concludes that history showed "*that Marx's proposed evolutionary period possessed no validity*" on the grounds that "*at no time in history has any society been seen which has gone through Marx's proposed evolutionary phases*".

He also claims that: "*...it is possible to see systems which Marx identified as coming before or after each other at the same time in the same society*", but he gives no examples.

Yahya then states that none of Marx's prophecies regarding the future have come true because no country has ever passed from Capitalism to Communism.

Is this the last word? We do not think so. First, the point regarding Marx's theory of history. The materialist conception of history was formulated before Marx read Darwin's book THE ORIGIN OF THE SPECIES. In fact, Marx's guide to his method of historical enquiry was contained in the *Preface* to THE CRITIQUE OF THE

POLITICAL ECONOMY published in 1859, the same year as the publication of Darwin's book. One of the intellectual debts Marx owed to the formulation of his theory of history was Hegel, not Darwin.

Marx argued that what changed society was the clash between the relations of production and the forces of production, while the motor force of historical change was the class struggle. These ideas were contained in the COMMUNIST MANIFESTO written in 1847 and published in 1848, during a series of bourgeois revolutions on the continent and while the working class in Britain were struggling for the vote. In the MANIFESTO, Marx wrote: *"Every class struggle is a political struggle"*.

The second assertion that the economy determines everything is not an idea found in the writings of Marx. Marx wrote this:

In the social production of their existence, men inevitably enter into definite relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation on which rises a legal and political superstructure and to which correspond definite forms of social consciousness.

A CONTRIBUTION TO THE CRITIQUE OF POLITICAL ECONOMY, p. 20

Economic determinism is quite foreign to Marx since he saw the working class struggling to establish Socialism, not sitting around doing nothing while society changed automatically. Marx wrote that history by itself does nothing, and that historical change is the result of the actions of real living men and women.

As for the claim that Marx was wrong about a country having bits of capitalism and bits of feudalism, this shows no understanding of what Marx wrote on the subject. When Marx wrote his theory of history, some countries were about to become fully capitalist, others much later, but today capitalism is an integrated world-wide social system.

Capitalism, once established has never gone back to Feudalism. The whole thrust of world-history has been for the system of commodity production and exchange for profit to hold everywhere, and to influence all areas of social life. This is a vindication of Marx's theory not a refutation.

What of there being no Communist revolutions? This is true. But it does not invalidate Marx's theory of history. Marx wrote:

No social order is ever destroyed before all the productive forces for which it is sufficient have been developed, and new superior relations of production never replace older ones before the material conditions for their existence have matured within the framework of the old society (loc. cit., p. 21).

In social evolution, the world's working class is the last class to gain its freedom. However, they currently support capitalist parties, and are held in sway by the intellectual poison of nationalism and religion. The working class are part of the productive forces but their class consciousness remains in an immature state. However, capitalism can never be made to work in the interests of all society. Workers have every interest in abolishing capitalism and establishing Socialism. Capitalism creates dissent, questioning and Socialists. It creates its own "gravediggers".

We leave the final words, not to saints, but to Marx:

Circumstances make men as much as men make circumstances.

THE GERMAN IDEOLOGY, p. 60

By acting on nature outside himself, man changes his own nature.

CAPITAL I, p. 177

The proletarians have nothing to lose but their chains. They have a world to win. Workers of the world unite! THE COMMUNIST MANIFESTO

Capitalist Miscellany

The Drums of War

When Hillary Clinton, was one of the two Democratic contenders for the job of US president, she was asked with world media present: “*what would you do if Iran launched a nuclear attack on Israel?*”. She replied: “*we would obliterate them*” (BBC, 24 April 2008).

She won the Pennsylvania primary and probably the US Jewish vote, but did the devoutly Christian Mrs Clinton give a thought to what destroying a country more than six times the size of Britain, with a population of over 65 million, would do to the Middle East oil if nuclear weapons were used? The contradictions of capitalism know no bounds, but such a war in the Middle East could make today’s fuel crisis pale into insignificance.

It was reported (TELETEXT, 25 April 2008) that, in September 2007, Israel had bombed an “*alleged*” nuclear reactor in Syria which was supposedly built by North Korea. US hypocrisy makes nuclear weapons all right for Israel but not for Syria. The insecurity with which capitalism threatens mankind makes clear it is time to change the social system, not merely presidents!

The Politics of Rubbish

A form of fascism continues to tighten its grip on British capitalism: with ever-increasing repressive police-state legislation, some 13,000 more criminal offences have been brought in by the Labour Government.

A man was given a criminal record for having the lid of his Wheelie-bin, for household rubbish, too wide open (BBC NEWS, 23 April 2008). He was fined £125, refused to pay, and went to court where the “*judge*” doubled his fine. A petty Council bureaucrat defended this lunacy to the BBC.

Is that the ‘*freedom*’ for which young men in their late teens and early twenties are coming back from Afghanistan and Iraq with arms and legs missing?

Clearly it is time to end the dictatorship of the bureaucrats and reformist politicians. This can only be done by workers first getting to understand Socialism and then ceasing to vote for capitalist politicians; Labour, Conservative, Lib Dem and other reformists, and vote to change society (world-wide) to one of commonly-owned means of production where the earth and its resources are used democratically to meet the needs of all human beings freely.

Chinese Inflation

As it becomes ever more impossible to maintain the pretence that China is anything but a fast developing, modern capitalist country, China’s Prime Minister Wen Jiabao said: “inflation is the main task of the year” - up by 7% in January, the highest for more than a decade (TELETEXT, 5 March 2008).

Politicians are aware that higher food prices could lead to social unrest. Inflation is a classic problem of capitalism in a money-based society. Zimbabwe is today’s outstanding example. High food prices always impact most heavily on the poor. What commonsense dictates must be recognized, i.e. that buying and selling food and everything else that is produced by social labour, including the workers’ own labour-power, are the hall-marks of capitalism.

When Marx and Engels laid bare the workings of capitalism they argued: “...*that there can no longer be any wage-labour when there is no longer any capital*” (COMMUNIST MANIFESTO). There was no footnote to say except in the case of China –or Cuba for that matter!

Schools and Superstition

On April 24th this year, British school-teachers staged a one-day strike, the first in 21 years. The strike was over pay and conditions - the UK being 23rd in a league of 30 developed countries for class sizes.

Being ignorant of their class position, the teachers were not demonstrating for an end of capitalism - far from it. A month earlier, the Conference of the National Union of Teachers, the largest teachers' union, was calling for rabbis, priests and imams to come into schools to teach religion (BBC 1, 24 March 2008).

To confuse the inculcation of primitive superstition with education is quite ludicrous. Children have little if any choice but to believe the religious twaddle taught by these people who are supposed to impart knowledge. Little wonder that succeeding generations grow up to be gullible, easy to manage adults.

If the same degree of demonstrable evidence was demanded for religion, as for maths, geometry, biology, chemistry, physics, and languages etc., then religion would have died out long ago. It must be noticed that the teachers did not rely on prayer to pursue their pay claims. Perhaps they might explain that to their pupils?

War and Weapons

With the war in Iraq now in its sixth year and President Bush vowing to stay as long as it takes, having been fed on a diet of lies by Blair's Labour Government about Saddams' WMD, the bombings and killings continue with Iraqis killing each other as well as being killed by their "*liberators*". This year the BBC NEWS (20 March 2008) referred to Iraq as "*A black hole of instability*".

Gordon Brown, who had supported Blair in going to war, is now top-man himself. He gets £188,000 salary plus undisclosed expenses just in case his '*conscience*' should get the better of him. But there is little chance of that. When a Labour Government Commission recommended that State-schools should sign up with Cadet Corps and receive weapons training, Brown was reported to be "*very, very keen*" on the idea. A Labourite, Quentin Davis, said it would improve discipline among teenagers and the public perception of the Armed Forces.

When the next scream is raised about gun and knife crime on the streets of UK cities, most people will fail to make the connection with capitalism, an inherently violent society.

The Sky Falls In

There is a defining moment in politics when a set of political ideas and beliefs finally crashes to earth to become so much intellectual debris. The end of Leninism with the collapse of State Capitalism and the fall of the Berlin Wall in 1989 is one example. What of Blair's "*Third Way*" where capitalism was to be harnessed to solve poverty by perennial government initiatives and reforms?

The symbolic end of Blair's belief that you can have capitalism without the effects of capitalism occurred in Downing Street itself. Lord Birt-one of Blair's cronies- was commissioned to indulge in "*blue-sky thinking*". This phrase comes from management-speak which oozes out of most Labour Party texts. Birt was known as a "*Dalek*" for his monotonous use of management jargon when he was Director General at the BBC. Lord Birt had an office in Downing Street to think thoughts while gazing at the Georgian ceiling with its fine Stucco and cultured embellishments. Then the dreaming ended. The ceiling caved in. And it did not reveal a blue sky. Anything but. The roof showed signs of wet rot and decay. A fitting metaphor for the end of Blair's premiership and the half-baked ideas which came out of his office.

Prime Minister, Gordon Brown was instrumental in producing this political wet rot and decay. His premiership is now in ruins as is New Labour's belief that you can pursue the free market and simultaneously end poverty. You cannot. Poverty is caused by capitalism because of the private ownership of the means of production. Poverty can only be

ended with the establishment of common ownership and democratic control of the means of production and distribution by all of society. Socialists shed no tears for Labour being an unmitigated political disaster. Yet lessons can be learned but you will not find them in management books or the Manifestos of the parties of capitalism. Simply, there is no “*third way*”-a phrase borrowed from the fascist right. For the working class there is only one way-Socialism.

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Is Capital a Mystery

Following the fall of the Berlin Wall in 1989, the West thought that it had triumphed over Marx and Communism. Free trade and free market policies were dominant, and applied ruthlessly in former state capitalist Eastern Europe and developing capitalist economies in Asia, South America and Africa. From the free market institutes there gushed a stream of books with such absurd titles as the “THE JOY OF CAPITALISM” by Steve Plaut, celebrating the US as the saviour of the world, with the inane cry of “*there is no alternative to the market*”. Capitalism offers little joy even for the capitalist class. For billions of workers, capitalism is joyless, unpleasant and often short-lived. Socialism is a pressing and urgent necessity.

By 2000 most South American economies had genuflected to the World Trade Organisation and the World Bank policies of privatisation, and the opening up of developing capitalist countries’ economies to foreign competition, giving capitalists access to an exploitable pool of cheap labour.

Who were these apostles of the ‘free market’? Hernando de Soto was one. He was an economist for the World Trade Organisation, Chief Executive Officer of one of Europe’s largest engineering firms, and a governor of Peru’s Central Reserve Bank. He was also one of the Peruvian President Alberto Fujimori’s principal advisors, and author of a book, THE MYSTERY OF CAPITAL: WHY CAPITALISM TRIUMPHS IN THE WEST AND FAILS EVERYWHERE ELSE (2000). In this book, de Soto tries to rescue capital and its understanding from Marx devoting a whole section to Marx; “*Facing up to Marx’s Ghost*” (pp 224-231).

First, de Soto’s legacy as an economic advisor: in spite of the economic reforms and free trade agreements, Peru is still very much part of the Andes poverty belt. The gap between rich and poor is particularly dramatic. Almost 14 million Peruvians - about half the population - live in official poverty. Of the five million living in extreme poverty, on less than \$1 a day, the majority are women, children, the elderly, ethnic minorities, and people in remote areas. High unemployment, a growing population with unmet needs, environmental deterioration, and a shortage of water and arable land are continuing social problems (for further information see CANADA INTERNATIONAL DEVELOPMENT AGENCY, 2007 Report). So much for de Soto’s belief that free trade and free market policies would deliver for everyone: they didn’t. The free trade agreements that President Fujimori enacted only benefited the rich.

What of de Soto’s musings on Marx? De Soto (p 39) totally misunderstands Marx’s opening paragraph in Capital Volume I. He takes Marx’s comment about the capitalist mode of production presenting itself “*as an immense accumulation of commodities*” (Chapter 1, Commodities, p. 43) as a conclusion, rather than as a point of departure. Marx went on to say that the investigation must start with the analysis of the commodity. It was only from a rigorous analysis of the commodity with its use value and exchange value that Marx was able to show the reality of capitalism as a system of class exploitation through the extraction of surplus value from the working class. Marx went on to demonstrate that the working class sell their ability to work as a commodity and are exploited in the production process.

Further on, de Soto goes from bad to worse (p.41) . He believes that the understanding of capital by J B Say (capital is a thing) was the same view held by Marx (capital is a social relationship between classes appearing as a thing). The positions from which Say and Marx understood capital were poles apart. Marx saw J B Say as a mere apologist for the capitalist class, a plagiarist as an economist, and someone who vulgarised the ideas of Adam Smith.

De Soto also believes that Marx's theory of surplus value is extendable to feudalism and slave societies: this shows that he does not understand the implications of labour power taking the form of a commodity. Under capitalism, capitalists and workers meet on apparently 'equal' terms on the labour market, and the workers sell their labour power to the capitalist.

The existence of surplus value comes from the unique commodity, labour power:

"In order to be able to extract value from the consumption of a commodity our friend, Money bags (the capitalist), must be so lucky as to find, within the sphere of circulation, in the market, a commodity, whose use value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labour, and consequently a creation of value"
(CAPITAL VOLUME 1, Ch. IV, p. 167)

The value of labour power is determined by the value of commodities in the subsistence basket required for the maintenance of the worker and the means of reproducing more workers.

"The value of labour-power resolves itself into the value of a definite quantity of the means of subsistence. It therefore varies with the value of these means or with the quantity of labour requisite for their production"
(CAPITAL VOL. 1, Ch. VI, p. 172)

Also, these means of subsistence must include *"the means necessary for the labourer's substitutes, i.e. his children, in order that this race of peculiar commodity-owners may perpetuate its appearance in the market"* (CAPITAL VOL. 1, Ch. VI, p. 172).

For educated skilled labour we must add the costs of education in terms of the value of commodities. *"The expense of education, enter pro tanto into the total value spent in its production"* (CAPITAL VOL. 1, Ch. VI, p. 172)

Unlike other commodities, the value of labour power has a moral and social element in it which would vary from country to country and over time.

"In contradistinction therefore to the case of other commodities, there enters into the determination of the value of labour-power a historical and moral element. Nevertheless, in a given country, at a given period, the average quantity of the means of subsistence necessary for a labourer is practically known" (CAPITAL VOL. 1, Ch. VI, p.171)

The peculiarity of the commodity labour power is that, in production, it creates more value than the wage or salary received. This is 'surplus value', a form of exploitation which pertains solely to capitalism.

So what did de Soto read of Marx? *One page of CAPITAL VOLUME 1 from a dip into Eugene Kamenka's THE PORTABLE MARX*. That is all. In being unable to pass on from the first page to the second page of Capital, de Soto goes no further into the book than the Labour Prime Minister, Harold Wilson. Showing no signs of thinking for himself, demonstrating no intellectual curiosity and no interest in learning something new, de Soto is forced to use the creaking crutch of dubious second-hand sources.

Professor Eugene Kamenka's book of selected Marx quotations is next to useless for an understanding of capital. The introduction to THE PORTABLE MARX (1983), quoted by de Soto, has all the hallmarks of the *anodyne* academic writing found during the Cold War, when Marx was derided as a prophet of Soviet Russia, someone who slavishly followed Ricardo's theory of value, and who held a collapse theory of capitalism. All these charges were wrong. Marx insisted that socialism had to be established consciously and politically by the working class without the use of leaders. He showed the errors in Ricardo's theory of value, principally by showing that workers sell their labour power to capitalists, and not their labour as Ricardo erroneously thought. And he did not hold a collapse theory of capitalism, arguing instead that the trade cycle and periodic crises were a temporary resolution of the contradictions within commodity production and exchange for profit.

It seems incredible that the following quotation by Marx was omitted from Kamenka's book for it would have truly

enlightened de Soto.

Capital consists of raw materials, instruments of labour and means of subsistence of all kinds, which are utilised in order to produce new raw materials, new instruments of labour and new means of subsistence. All these component parts are creations of labour, products of labour, accumulated labour. Accumulated labour which serves as a means of new production is capital.

So say the economists.

What is a Negro slave? A man of the black race. The one explanation is as good as the other.

A Negro is a Negro. He only becomes a slave in certain relationships. A cotton-spinning machine is a machine for picking cotton. Only in certain relationships does it become capital. Torn from these relationships it is no more capital than gold in itself is money or sugar the price of sugar.

WAGE-LABOUR AND CAPITAL, Foreign Language Press, p.29

Nowhere did de Soto understand that for Marx capital was a social relationship between classes appearing as a relationship between things. De Soto gets no further in analysing capital than J B Say.

Hernando de Soto's inability to go beyond appearances reminds us of a story told of the late George Brown, one-time Foreign Secretary in the Wilson government. Brown had only two political attributes; the ability to drink large amounts of alcohol and for being a practiced lothario. At a reception given by the Ambassador of Peru, George Brown had a "*Lady in red*" moment and fell instantly in love with a crimson clad figure on the other side of the room. Staggering over he announced that he would like a dance to the music and then to discuss intimate political matters at his grace and favour house nearby. He was told in no uncertain terms by the startled guest that the music he wanted to dance to was the Peruvian national anthem and that the person he was in fact addressing was the archbishop of Lima who had sworn a vow of chastity. Appearances can be deceptive.

Religion and the Workers

...religion depends on faith – blind belief. It is, on the one hand, the hopeless wail of the slave across the ages. The despairing cry of the poor. On the other hand, it is a weapon in the hands of masters to keep the slaves resigned to their chains, in the belief that this life is a vale of tears, opening to a glorious paradise after death.

Misery in this world is proclaimed as the key to the doors of the paradise in the mythical world to come, when slaves have ceased from working and their bodies are at rest.

QUESTIONS OF THE DAY 1942 p.96

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Object and Declaration of Principles

Object

The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.

Declaration of Principles

THE SOCIALIST PARTY OF GREAT BRITAIN HOLDS:

1. That society as at present constituted is based upon the ownership of the means of living (ie land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.
2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle, between those who possess but do not produce and those who produce but do not possess.
3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into common property of society of the means of production and distribution, and their democratic control by the whole people.
4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation of the working class will involve the emancipation of all mankind without distinction of race or sex.
5. That this emancipation must be the work of the working class itself.
6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.
7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.
8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.

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